

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2016**

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

JUNE 30, 2016

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Report of Independent Auditors

To the Board of Supervisors
Madera County

Report on the Financial Statements

We have audited the accompanying financial statements of the Maintenance District 19 – Parkwood (District), a component unit of the County of Madera, California as of and for the year then ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District’s financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller’s *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maintenance District 19 – Parkwood as of June 30, 2016, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 13-18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Fresno, California
February 20, 2018

BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF NET POSITION
JUNE 30, 2016**

	Enterprise Funds			Total
	MD 19A	MD 19B	MD 19A/B ACO	
ASSETS				
Current Assets:				
Cash and investments	\$ 291,988	\$ 110,619	\$ 41,287	\$ 443,894
Cash and investments - restricted	56,737	-	-	56,737
Accounts receivable, net	37,467	17,998	-	55,465
Interest receivable	845	261	97	1,203
Due from County of Madera	7,403	-	-	7,403
Due from other divisions	8,727	-	-	8,727
Total Current Assets	403,167	128,878	41,384	573,429
Non-Current Assets:				
Long-term assessment receivable	20,543	-	-	20,543
Capital assets:				
Land	3,000	8,000	-	11,000
Depreciable assets	1,961,476	-	-	1,961,476
Accumulated depreciation	(1,022,212)	-	-	(1,022,212)
Total Non-Current Assets	962,807	8,000	-	970,807
Total Assets	1,365,974	136,878	41,384	1,544,236
LIABILITIES				
Current Liabilities:				
Accounts payable	131,008	960	-	131,968
Interest payable	82	-	-	82
Deposits from others	3,216	3,660	-	6,876
Due to County of Madera	138,434	15,419	-	153,853
Due to other divisions	-	8,577	150	8,727
Unearned revenue	1,974	961	-	2,935
Bonds payable	17,000	-	-	17,000
Total Current Liabilities	291,714	29,577	150	321,441
Total Liabilities	291,714	29,577	150	321,441
NET POSITION				
Net investment in capital assets	925,264	8,000	-	933,264
Unrestricted	148,996	99,301	41,234	289,531
Total Net Position	\$ 1,074,260	\$ 107,301	\$ 41,234	\$ 1,222,795

The notes to the basic financial statements are an integral part of this statement.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Enterprise Funds			
	MD 19A/B			Total
	MD 19A	MD 19B	ACO	
Operating Revenues:				
Charges for services	\$ 223,103	\$ 117,187	\$ 39,924	\$ 380,214
Other revenues	14,629	2,443	-	17,072
Total Operating Revenues	237,732	119,630	39,924	397,286
Operating Expenses:				
Services and supplies	68,637	34,192	-	102,829
Maintenance	130,070	14,863	-	144,933
Insurance	3,889	1,461	-	5,350
Utilities	37,864	31,625	-	69,489
Depreciation	25,476	-	-	25,476
Total Operating Expenses	265,936	82,141	-	348,077
Operating Income (Loss)	(28,204)	37,489	39,924	49,209
Non-Operating Revenue (Expenses):				
Taxes	7,380	-	-	7,380
Investment income	1,921	638	223	2,782
Interest and fiscal charges	(507)	-	-	(507)
Total Non-Operating Revenue (Expenses)	8,794	638	223	9,655
Income (Loss) Before Contributions	(19,410)	38,127	40,147	58,864
Capital contributions	500,000	-	-	500,000
Change in Net Position	480,590	38,127	40,147	558,864
Net Position, Beginning of Year	593,670	69,174	1,087	663,931
Net Position, End of Year	\$ 1,074,260	\$ 107,301	\$ 41,234	\$ 1,222,795

The notes to the basic financial statements are an integral part of this statement.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	Enterprise Funds			
	MD 19A	MD 19B	MD19A/B ACO	Total
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 246,889	\$ 116,812	\$ 39,924	\$ 403,625
Cash paid to suppliers	(89,712)	(76,317)	-	(166,029)
Net cash provided (used) by operating activities	<u>157,177</u>	<u>40,495</u>	<u>39,924</u>	<u>237,596</u>
Cash flows from noncapital financing activities:				
Taxes	7,380	-	-	7,380
Transfer from (to) other divisions	18,574	(18,724)	150	-
Net cash provided (used) by noncapital financing activities	<u>25,954</u>	<u>(18,724)</u>	<u>150</u>	<u>7,380</u>
Cash flows from capital and related financing activities:				
Capital contributions	599,041	-	-	599,041
Acquisition and construction of capital assets	(503,629)	-	-	(503,629)
Principal paid on capital debt	(17,000)	-	-	(17,000)
Interest paid on capital debt	(1,275)	-	-	(1,275)
Net cash provided (used) by capital and related financing activities	<u>77,137</u>	<u>-</u>	<u>-</u>	<u>77,137</u>
Cash flows from investing activities:				
Interest on investments	1,212	514	128	1,854
Net cash provided (used) by investing activities	<u>1,212</u>	<u>514</u>	<u>128</u>	<u>1,854</u>
Net increase (decrease) in cash and cash equivalents	261,480	22,285	40,202	323,967
Cash and cash equivalents, beginning of the year	87,245	88,334	1,085	176,664
Cash and cash equivalents, end of the year	<u>\$ 348,725</u>	<u>\$ 110,619</u>	<u>\$ 41,287</u>	<u>\$ 500,631</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and Investments per Statement of Net Position	\$ 291,988	\$ 110,619	\$ 41,287	\$ 443,894
Restricted Cash and Investments per Statement of Net Position	56,737	-	-	56,737
Total Cash and Investments per Statement of Net Position	<u>\$ 348,725</u>	<u>\$ 110,619</u>	<u>\$ 41,287</u>	<u>\$ 500,631</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ (28,204)	\$ 37,489	\$ 39,924	\$ 49,209
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	25,476	-	-	25,476
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	(2,813)	(3,733)	-	(6,546)
Decrease/(Increase) in due from County of Madera	(7,372)	6	-	(7,366)
Decrease/(Increase) in long-term assessment receivable	17,000	-	-	17,000
Increase/(Decrease) in accounts payable	125,394	814	-	126,208
Increase/(Decrease) in due to County of Madera	25,354	5,010	-	30,364
Increase/(Decrease) in deposits from others	1,266	1,260	-	2,526
Increase/(Decrease) in unearned revenues	1,076	(351)	-	725
Net cash provided (used) by operating activities	<u>\$ 157,177</u>	<u>\$ 40,495</u>	<u>\$ 39,924</u>	<u>\$ 237,596</u>

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the **MD 19 - Parkwood** (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

MD 19A provides water, sewer and street light services for a residential community. The District is located in Madera County Supervisorial District 4 south of Madera city limits in the area of Hwy 145 and Avenue 13. The district was formed on July 18, 1978 by Resolution No. 78-427. The Parkwood Water System provides water service to MD 19A and MD 19B for a total of 632.6 improved units. The system consists of 3 wells (only 1 of which is active), hydro-pneumatic tanks and the distribution lines. The Parkwood Sewer System provides sewer service to zone A which consists of 287.6 improved units. There are 31 street lights within the District and they are maintained by County's personnel.

The primary funding for the water, sewer, and street light operations is derived from charges for water, sewer, and street light services. Water and sewer rates were last set on September 10, 2013 by Resolution 2013-141. Total monthly utility charge for an improved unit in MD 19A is \$75. The \$75 breakdown includes \$26.50 for water service, \$40.50 for sewer, \$1.00 for street lights and \$7.00 for Accumulated Capital Outlay (ACO) charge. All rates will include an annual Consumer Price Index adjustment beginning July 1, 2016.

The District also receives property taxes to cover operating expenses and grant funding from the USDA to cover the water system improvement expenses.

MD 19B provides water and street light services for a residential community. The District is located in Madera County Supervisorial District 4 south of Madera city limits adjacent to MD 19A. The district was formed on July 18, 1978 by Resolution No. 78-427. Water service is provided to the District by way of MD 19A. Additionally, there are 41 street lights included in this District which are maintained by PG&E.

The funding for the water and street light operations is derived from charges for water and street light services. Water rates were last set on September 10, 2013 by Resolution 2013-142. The rates for this District are \$35 per month which includes \$26.40 for water service, \$1.60 for street lights and a \$7.00 ACO charge. The improved water, street lights, and ACO rates will include an annual Consumer Price Index adjustment beginning July 1, 2016. Sewer services to MD 19B are provided by the City of Madera.

The Board of Supervisors is the governing body of the District. The District is considered a blended component unit of the County of Madera and is reported as an enterprise fund in the County of Madera financial statements. The financial statements included in this report are intended to present the financial position and results of operations of only the District. They are not intended to present the financial position or results of operations of the County of Madera taken as a whole.

B. Basis of Presentation and Method of Accounting

Proprietary fund financial statements include a Statement of Net Position and a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Method of Accounting (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The principal operating revenues of the District are charges for services. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. Operating expenses for the District include the costs of sales and services, administrative expenses, and depreciation on capital assets. All other expenses are reported as non-operating expenses.

C. Cash and Investments

Cash and investments shown in the Statement of Net Position represent the District's share of the County of Madera's cash and investment pool. Interest earnings from this pool are transferred to the District on a quarterly basis based on the District's average daily balance. The County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

D. Receivables

Receivables consist of fees charged for water services, property taxes, and interest from the County of Madera. Due from other governments consist of grant revenue from the State of California Department of Public Health. Management believes its receivables to be fully collectible, and accordingly, no allowance for doubtful accounts is required.

E. Property Taxes/Assessments

Secured and unsecured property taxes and assessments are levied in July each year. Property taxes and assessments become a lien against the property as of January 1 of each year. Secured property taxes and assessments are payable in two installments which are due November 1 and February 1. Unsecured property taxes and assessments are due on August 31. All property taxes and assessments receivable are due from property owners within the District.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads and similar items), are reported in the Statement of Net Position. Capital assets are defined by the District as assets with a cost of more than \$5,000 for machinery and equipment and \$10,000 for the other categories of capital assets with an estimated useful life of more than one year. Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair market value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

<u>Depreciable Asset</u>	<u>Estimated Life</u>
Infrastructure	20-50 years
Water Systems	15-65 years
Structures and Improvements	30-50 years
Equipment	3-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Interest accrued during capital assets construction, if any, is capitalized as part of the asset cost.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position

Net position is classified in the following three components:

- Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This category represents all other net position of the District, that do not meet the definition of “net investment in capital assets” or “restricted net position.”

When both restricted and unrestricted resources are available for use, unrestricted resources are used only after the restricted resources are depleted.

H. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2016 are classified in the financial statements as follows:

Cash and investments – unrestricted	\$443,894
Cash and investments – restricted	<u>56,737</u>
Total cash and investments	<u>\$500,631</u>

The District’s cash and investments consisted of the following as of June 30, 2016:

Deposits held with County of Madera Investment Pool	\$500,631
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Risk Disclosure

Required disclosures for the District’s deposit and investment risks for the cash held in the County of Madera Treasury at June 30, 2016, were as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Refer to County of Madera's financial statements

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County of Madera’s Comprehensive Annual Financial Report and may be obtained by contacting the County Auditor-Controller’s Office at 200 W. 4th Street – Madera, CA 93637.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The District's cash investments in the County of Madera Investment Pool are carried at fair value. County of Madera invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, County of Madera Investment Pool is not an investment type that can be categorized in any particular level in the fair value hierarchy.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016, was as follows:

	MD 19A Total			Balance June 30, 2016
	Balance			
	July 1, 2015	Additions	Deletions	
Capital assets, not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Construction in progress	224,540	503,630	(728,170)	-
Total capital assets, not being depreciated	227,540	503,630	(728,170)	3,000
Capital assets, being depreciated:				
Water and sewer systems	1,233,306	728,170	-	1,961,476
Total capital assets, being depreciated	1,233,306	728,170	-	1,961,476
Less accumulated depreciation for:				
Water and sewer systems	(996,736)	(25,476)	-	(1,022,212)
Total accumulated depreciation	(996,736)	(25,476)	-	(1,022,212)
Total capital assets being depreciated, net	236,570	702,694	-	939,264
Total capital assets, net	\$ 464,110	\$ 1,206,324	\$ (728,170)	\$ 942,264

Depreciation expenses of \$13,671 and \$11,805 were charged to the water and sewer functions of the District, respectively.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: CAPITAL ASSETS (Continued)

	MD 19A (Water)			Balance June 30, 2016
	Balance		Deletions	
	July 1, 2015	Additions		
Capital assets, not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Construction in progress	224,540	503,630	(728,170)	-
Total capital assets, not being depreciated	227,540	503,630	(728,170)	3,000
Capital assets, being depreciated:				
Water systems	508,837	728,170	-	1,237,007
Total capital assets, being depreciated	508,837	728,170	-	1,237,007
Less accumulated depreciation for:				
Water systems	(361,611)	(13,671)	-	(375,282)
Total accumulated depreciation	(361,611)	(13,671)	-	(375,282)
Total capital assets being depreciated, net	147,226	714,499	-	861,725
Total capital assets, net	<u>\$ 374,766</u>	<u>\$ 1,218,129</u>	<u>\$ (728,170)</u>	<u>\$ 864,725</u>

Depreciation expense of \$13,671 was charged to the water service function of the District.

	MD 19A (Sewer)			Balance June 30, 2016
	Balance		Deletions	
	July 1, 2015	Additions		
Capital assets, being depreciated:				
Sewer systems	724,469	-	-	724,469
Total capital assets, being depreciated	724,469	-	-	724,469
Less accumulated depreciation for:				
Sewer systems	(635,125)	(11,805)	-	(646,930)
Total accumulated depreciation	(635,125)	(11,805)	-	(646,930)
Total capital assets being depreciated, net	89,344	(11,805)	-	77,539
Total capital assets, net	<u>\$ 89,344</u>	<u>\$ (11,805)</u>	<u>\$ -</u>	<u>\$ 77,539</u>

Depreciation expense of \$11,805 was charged to the sewer service function of the District.

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: CAPITAL ASSETS (Continued)

	MD 19B (Water)			Balance June 30, 2016
	Balance July 1, 2015	Additions	Deletions	
	Capital assets, not being depreciated:			
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Total capital assets, not being depreciated	8,000	-	-	8,000
Total capital assets, net	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,000</u>

NOTE 4: RELATED PARTY TRANSACTIONS

The District's property taxes and assessments are levied and collected through County of Madera Assessor and Treasurer-Tax Collector departments. The District contracts with the County of Madera to provide certain services to the District. The District's accounting and clerical functions are performed by County personnel. The County of Madera charges the District for administrative costs incurred.

The amount due to the County of Madera as of June 30, 2016 is \$153,853. The District intends to pay back this amount through future cash flow at the current established rate, however, future rate increases may be necessary in order to fulfill the obligation.

NOTE 5: INSURANCE AND RISK OF LOSS

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. Because the District does not have employees, it is not exposed to injuries to employees. The District's officers are officials of the County, and therefore coverage for general liability and errors and omissions is provided under the County's program. This program is self-insured to a level of \$100,000, after which excess coverage is obtained through participation in the CSAC Excess Insurance Authority (EIA). Disclosure of complete information on risk management can be found in the County of Madera Comprehensive Annual Financial Report.

NOTE 6: BONDS PAYABLE

The following is a summary of long-term liabilities transactions for the year ended June 30, 2016:

	Balance	Additions	Deletions	Balance	Due Within
	July 1, 2015			June 30, 2016	One Year
Parkwood Water Assessment District Improvement Bond, Series 1978-1	\$ 34,000	\$ -	\$ 17,000	\$ 17,000	\$ 17,000
Total	<u>\$ 34,000</u>	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 17,000</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6: BONDS PAYABLE (Continued)

Parkwood Water Assessment District Improvement Bond, Series 1978-1

On February 9, 1978, the District issued \$378,800 Improvement Bond, Series 1978-1 for the purpose of financing the construction and acquisition of certain public water improvements within the Parkwood Water Assessment District. This bond will be repaid from amounts levied against the property owners benefited by this water improvement. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the bonds. The term of this bond is 38 years, maturing on July 2, 2016 with stated interest rate of 5%. Annual principal installments range from \$3,000 to \$17,000 through July 2, 2016. Semi-annual payments are due on July 2nd and January 2nd of each year. As of June 30, 2016 the outstanding balance on these bonds is \$17,000.

The debt service requirements for the District's bonds payable are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 17,000	\$ 440	\$ 17,440
Total	<u>\$ 17,000</u>	<u>\$ 440</u>	<u>\$ 17,440</u>

NOTE 7: COMMITMENTS AND CONTINGENCIES

Grants

The District participates in a State grant program subject to financial and compliance audits by the grantor or their representatives. The amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time. However, management does not believe that audit disallowances, if any, would have a significant effect on the financial position of the District.

SUPPLEMENTARY INFORMATION

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016**

	MD 19A			
	Water	Sewer	Lighting	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 271,340	\$ 20,370	\$ 278	\$ 291,988
Cash and investments - restricted	56,737	-	-	56,737
Accounts receivable, net	19,631	17,836	-	37,467
Interest receivable	836	9	-	845
Due from County of Madera	467	6,936	-	7,403
Due from other divisions	8,637	90	-	8,727
Total Current Assets	<u>357,648</u>	<u>45,241</u>	<u>278</u>	<u>403,167</u>
Non-Current Assets:				
Long-term assessment receivable	20,543	-	-	20,543
Capital assets:				
Land	3,000	-	-	3,000
Depreciable assets	1,237,007	724,469	-	1,961,476
Accumulated depreciation	(375,282)	(646,930)	-	(1,022,212)
Total Non-Current Assets	<u>885,268</u>	<u>77,539</u>	<u>-</u>	<u>962,807</u>
Total Assets	<u>1,242,916</u>	<u>122,780</u>	<u>278</u>	<u>1,365,974</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	128,424	2,306	278	131,008
Interest payable	82	-	-	82
Deposits from others	3,216	-	-	3,216
Due to County of Madera	92,036	46,398	-	138,434
Due to other divisions	-	-	-	-
Unearned revenue	987	987	-	1,974
Bonds payable	17,000	-	-	17,000
Total Current Liabilities	<u>241,745</u>	<u>49,691</u>	<u>278</u>	<u>291,714</u>
Total Liabilities	<u>241,745</u>	<u>49,691</u>	<u>278</u>	<u>291,714</u>
NET POSITION				
Net investment in capital assets	847,725	77,539	-	925,264
Unrestricted	153,446	(4,450)	-	148,996
Total Net Position	<u>\$ 1,001,171</u>	<u>\$ 73,089</u>	<u>\$ -</u>	<u>\$ 1,074,260</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2016**

	MD 19B		MD 19A/B		Total
	Water	Lighting	Total	ACO	
ASSETS					
Current Assets:					
Cash and investments	\$ 110,619	\$ -	\$ 110,619	\$ 41,287	\$ 443,894
Cash and investments - restricted	-	-	-	-	56,737
Accounts receivable, net	17,998	-	17,998	-	55,465
Interest receivable	261	-	261	97	1,203
Due from County of Madera	-	-	-	-	7,403
Due from other divisions	-	-	-	-	8,727
Total Current Assets	<u>128,878</u>	<u>-</u>	<u>128,878</u>	<u>41,384</u>	<u>573,429</u>
Non-Current Assets:					
Long-term assessment receivable	-	-	-	-	20,543
Capital assets:					
Land	8,000	-	8,000	-	11,000
Depreciable assets	-	-	-	-	1,961,476
Accumulated depreciation	-	-	-	-	(1,022,212)
Total Non-Current Assets	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>970,807</u>
Total Assets	<u>136,878</u>	<u>-</u>	<u>136,878</u>	<u>41,384</u>	<u>1,544,236</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	960	-	960	-	131,968
Interest payable	-	-	-	-	82
Deposits from others	3,660	-	3,660	-	6,876
Due to County of Madera	15,419	-	15,419	-	153,853
Due to other divisions	8,577	-	8,577	150	8,727
Unearned revenue	961	-	961	-	2,935
Bonds payable	-	-	-	-	17,000
Total Current Liabilities	<u>29,577</u>	<u>-</u>	<u>29,577</u>	<u>150</u>	<u>321,441</u>
Total Liabilities	<u>29,577</u>	<u>-</u>	<u>29,577</u>	<u>150</u>	<u>321,441</u>
NET POSITION					
Net investment in capital assets	8,000	-	8,000	-	933,264
Unrestricted	99,301	-	99,301	41,234	289,531
Total Net Position	<u>\$ 107,301</u>	<u>\$ -</u>	<u>\$ 107,301</u>	<u>\$ 41,234</u>	<u>\$ 1,222,795</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	MD 19A				Total
	Water	Sewer	Lighting	Eliminations	
Operating Revenues:					
Charges for services	\$ 89,103	\$ 131,824	\$ 2,176	\$ -	\$ 223,103
Other revenues	4,402	10,162	65	-	14,629
Total Operating Revenues	93,505	141,986	2,241	-	237,732
Operating Expenses:					
Services and supplies	28,051	40,586	-	-	68,637
Maintenance	54,141	75,267	662	-	130,070
Insurance	1,214	2,675	-	-	3,889
Utilities	20,471	13,895	3,498	-	37,864
Depreciation	13,671	11,805	-	-	25,476
Total Operating Expenses	117,548	144,228	4,160	-	265,936
Operating Income (Loss)	(24,043)	(2,242)	(1,919)	-	(28,204)
Non-Operating Revenue (Expenses):					
Taxes	3,690	3,690	-	-	7,380
Investment income	1,541	380	-	-	1,921
Interest and fiscal charges	(507)	-	-	-	(507)
Total Non-Operating Revenue (Expenses)	4,724	4,070	-	-	8,794
Income (Loss) Before Contributions	(19,319)	1,828	(1,919)	-	(19,410)
Capital contributions	500,000	-	-	-	500,000
Transfers in	-	-	1,919	(1,919)	-
Transfers out	(1,919)	-	-	1,919	-
Change in Net Position	478,762	1,828	-	-	480,590
Net Position, Beginning of Year	522,409	71,261	-	-	593,670
Net Position, End of Year	\$ 1,001,171	\$ 73,089	\$ -	\$ -	\$ 1,074,260

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	MD19B			Total	MD 19A/B	
	Water	Lighting	Eliminations		ACO	Total
Operating Revenues:						
Charges for services	\$ 110,397	\$ 6,790	\$ -	\$ 117,187	\$ 39,924	\$ 380,214
Other revenues	<u>2,296</u>	<u>147</u>	<u>-</u>	<u>2,443</u>	<u>-</u>	<u>17,072</u>
Total Operating Revenues	<u>112,693</u>	<u>6,937</u>	<u>-</u>	<u>119,630</u>	<u>39,924</u>	<u>397,286</u>
Operating Expenses:						
Services and supplies	34,192	-	-	34,192	-	102,829
Maintenance	14,863	-	-	14,863	-	144,933
Insurance	1,461	-	-	1,461	-	5,350
Utilities	24,628	6,997	-	31,625	-	69,489
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,476</u>
Total Operating Expenses	<u>75,144</u>	<u>6,997</u>	<u>-</u>	<u>82,141</u>	<u>-</u>	<u>348,077</u>
Operating Income (Loss)	<u>37,549</u>	<u>(60)</u>	<u>-</u>	<u>37,489</u>	<u>39,924</u>	<u>49,209</u>
Non-Operating Revenue (Expenses):						
Taxes	-	-	-	-	-	7,380
Investment income	638	-	-	638	223	2,782
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(507)</u>
Total Non-Operating Revenue (Expenses)	<u>638</u>	<u>-</u>	<u>-</u>	<u>638</u>	<u>223</u>	<u>9,655</u>
Income (Loss) Before Contributions	38,187	(60)	-	38,127	40,147	58,864
Capital contributions	-	-	-	-	-	500,000
Transfers in	-	60	(60)	-	-	-
Transfers out	<u>(60)</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	38,127	-	-	38,127	40,147	558,864
Net Position, Beginning of Year	<u>69,174</u>	<u>-</u>	<u>-</u>	<u>69,174</u>	<u>1,087</u>	<u>663,931</u>
Net Position, End of Year	<u>\$ 107,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,301</u>	<u>\$ 41,234</u>	<u>\$ 1,222,795</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	MD 19A			
	Water	Sewer	Lighting	Total
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 110,837	\$ 133,811	\$ 2,241	\$ 246,889
Cash paid to suppliers	<u>32,992</u>	<u>(118,822)</u>	<u>(3,882)</u>	<u>(89,712)</u>
Net cash provided (used) by operating activities	<u>143,829</u>	<u>14,989</u>	<u>(1,641)</u>	<u>157,177</u>
Cash flows from noncapital financing activities:				
Taxes	3,690	3,690	-	7,380
Transfer from (to) other divisions	<u>16,745</u>	<u>(90)</u>	<u>1,919</u>	<u>18,574</u>
Net cash provided (used) by noncapital financing activities	<u>20,435</u>	<u>3,600</u>	<u>1,919</u>	<u>25,954</u>
Cash flows from capital and related financing activities:				
Capital contributions	599,041	-	-	599,041
Acquisition and construction of capital assets	(503,629)	-	-	(503,629)
Principal paid on capital debt	(17,000)	-	-	(17,000)
Interest paid on capital debt	<u>(1,275)</u>	<u>-</u>	<u>-</u>	<u>(1,275)</u>
Net cash provided (used) by capital and related financing activities	<u>77,137</u>	<u>-</u>	<u>-</u>	<u>77,137</u>
Cash flows from investing activities:				
Interest on investments	<u>841</u>	<u>371</u>	<u>-</u>	<u>1,212</u>
Net cash provided (used) by investing activities	<u>841</u>	<u>371</u>	<u>-</u>	<u>1,212</u>
Net increase (decrease) in cash and cash equivalents	242,242	18,960	278	261,480
Cash and cash equivalents, beginning of the year	<u>85,835</u>	<u>1,410</u>	<u>-</u>	<u>87,245</u>
Cash and cash equivalents, end of the year	<u>\$ 328,077</u>	<u>\$ 20,370</u>	<u>\$ 278</u>	<u>\$ 348,725</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and Investments per Statement of Net Position	\$ 271,340	\$ 20,370	\$ 278	\$ 291,988
Restricted Cash and Investments per Statement of Net Position	<u>56,737</u>	<u>-</u>	<u>-</u>	<u>56,737</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 328,077</u>	<u>\$ 20,370</u>	<u>\$ 278</u>	<u>\$ 348,725</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ (24,043)	\$ (2,242)	\$ (1,919)	\$ (28,204)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	13,671	11,805	-	25,476
Changes in operating assets and liabilities:				
Decrease/(Increase) in accounts receivable	(1,029)	(1,784)	-	(2,813)
Decrease/(Increase) in due from County of Madera	(443)	(6,929)	-	(7,372)
Decrease/(Increase) in long-term assessment receivable	17,000	-	-	17,000
Increase/(Decrease) in accounts payable	123,101	2,015	278	125,394
Increase/(Decrease) in due to County of Madera	13,768	11,586	-	25,354
Increase/(Decrease) in deposits from others	1,266	-	-	1,266
Increase/(Decrease) in unearned revenues	<u>538</u>	<u>538</u>	<u>-</u>	<u>1,076</u>
Net cash provided (used) by operating activities	<u>\$ 143,829</u>	<u>\$ 14,989</u>	<u>\$ (1,641)</u>	<u>\$ 157,177</u>

**MAINTENANCE DISTRICT 19 – PARKWOOD
(A COMPONENT UNIT OF THE COUNTY OF MADERA, CALIFORNIA)**

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	MD 19B			MD 19A/B	
	Water	Lighting	Total	ACO	Total
Cash flows from operating activities:					
Cash receipts from customers and users	\$ 109,875	\$ 6,937	\$ 116,812	\$ 39,924	\$ 403,625
Cash paid to suppliers	(69,320)	(6,997)	(76,317)	-	(166,029)
Net cash provided (used) by operating activities	<u>40,555</u>	<u>(60)</u>	<u>40,495</u>	<u>39,924</u>	<u>237,596</u>
Cash flows from noncapital financing activities:					
Taxes	-	-	-	-	7,380
Transfer from (to) other divisions	(18,784)	60	(18,724)	150	-
Net cash provided (used) by noncapital financing activities	<u>(18,784)</u>	<u>60</u>	<u>(18,724)</u>	<u>150</u>	<u>7,380</u>
Cash flows from capital and related financing activities:					
Capital contributions	-	-	-	-	599,041
Acquisition and construction of capital assets	-	-	-	-	(503,629)
Principal paid on capital debt	-	-	-	-	(17,000)
Interest paid on capital debt	-	-	-	-	(1,275)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,137</u>
Cash flows from investing activities:					
Interest on investments	514	-	514	128	1,854
Net cash provided (used) by investing activities	<u>514</u>	<u>-</u>	<u>514</u>	<u>128</u>	<u>1,854</u>
Net increase (decrease) in cash and cash equivalents	22,285	-	22,285	40,202	323,967
Cash and cash equivalents, beginning of the year	<u>88,334</u>	<u>-</u>	<u>88,334</u>	<u>1,085</u>	<u>176,664</u>
Cash and cash equivalents, end of the year	<u>\$ 110,619</u>	<u>\$ -</u>	<u>\$ 110,619</u>	<u>\$ 41,287</u>	<u>\$ 500,631</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and Investments per Statement of Net Position	\$ 110,619	\$ -	\$ 110,619	\$ 41,287	\$ 443,894
Restricted Cash and Investments per Statement of Net Position	-	-	-	-	56,737
Total Cash and Investments per Statement of Net Position	<u>\$ 110,619</u>	<u>\$ -</u>	<u>\$ 110,619</u>	<u>\$ 41,287</u>	<u>\$ 500,631</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 37,549	\$ (60)	\$ 37,489	\$ 39,924	\$ 49,209
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	-	25,476
Changes in operating assets and liabilities:					
Decrease/(Increase) in accounts receivable	(3,733)	-	(3,733)	-	(6,546)
Decrease/(Increase) in due from County of Madera	6	-	6	-	(7,366)
Decrease/(Increase) in long-term assessment receivable	-	-	-	-	17,000
Increase/(Decrease) in accounts payable	814	-	814	-	126,208
Increase/(Decrease) in due to County of Madera	5,010	-	5,010	-	30,364
Increase/(Decrease) in deposits from others	1,260	-	1,260	-	2,526
Increase/(Decrease) in unearned revenues	(351)	-	(351)	-	725
Net cash provided (used) by operating activities	<u>\$ 40,555</u>	<u>\$ (60)</u>	<u>\$ 40,495</u>	<u>\$ 39,924</u>	<u>\$ 237,596</u>